

TOWN OF DAVIE

TOWN COUNCIL AGENDA REPORT

TO: Mayor and Council Members

FROM/PHONE: Bill Underwood/797-1050
Document Prepared by: Bill Underwood

SUBJECT: Ordinance

AFFECTED DISTRICT: N/A

TITLE OF AGENDA ITEM: AN ORDINANCE OF THE TOWN COUNCIL OF THE TOWN OF DAVIE, BROWARD COUNTY, FLORIDA; AMENDING THE RETIREMENT PLAN AND TRUST FOR THE MANAGEMENT AND GENERAL EMPLOYEES OF THE TOWN OF DAVIE; PROVIDING FOR CONFLICTING ORDINANCES; AND PROVIDING AN EFFECTIVE DATE.

REPORT IN BRIEF: Pursuant to Town Council direction at the regular meeting of May 1, 2005, the Management and General Employees Pension Board of Trustees met to discuss and recommend modifications to the pension plan which incorporates the issue of employees that left the Town's earlier defined benefit pension plan in 1985 or 1993.

As a result of the Pension Board Trustee's deliberation, the Pension Board is making two recommendations, from which Council will choose one. As Council will recall, there are approximately 39 employees that had an issue with the plan termination in 1985 or 1993. Both proposed plan amendments incorporate a recommendation that these employees be provided one (1) year of service benefit at a cost of approximately \$452,820.

In conjunction, with purchasing one (1) year service credit for each impacted employee, the first alternative is to provide a change in benefit accrual rate in both the managerial and general employees from 2.0 to 3.0 to 2.09 to 3.09 respectively for future years of service. The cost of this implementation is \$400,000. This amendment will require an additional appropriation of almost \$2,820.

The second alternative to this plan amendment is to provide employees in the plan on October 1, 2003 a credit to purchase an additional year of past service. The estimated cost of this plan is approximately \$449,334 which would require an additional appropriation of \$52,155.

The Pension Board of Trustee would like to take this opportunity to thank the Town Council for their consideration to improve the pension benefit for the management and general employees.

The Board of Trustee respectfully request the Town Council choose from either plan which mitigates the issues of the 1985 and 1993 employees and provides a benefit to the membership of the plan.

PREVIOUS ACTIONS: Town Council previously approved Ordinance 2004-2 on December 17, 2003 and January 7, 2004 respectively.

CONCURRENCES:

FISCAL IMPACT:

Has request been budgeted? Yes

If yes, expected cost:

Additional Comments:

RECOMMENDATION(S): Motion to approve the ordinance.

Attachment(s):

Ordinance Exhibit "A"

Ordinance Exhibit "B"

EXHIBIT "A"

ORDINANCE NO. _____

AN ORDINANCE OF THE TOWN COUNCIL OF THE TOWN OF DAVIE, BROWARD COUNTY, FLORIDA; AMENDING THE RETIREMENT PLAN AND TRUST FOR THE MANAGEMENT AND GENERAL EMPLOYEES OF THE TOWN OF DAVIE; PROVIDING FOR CONFLICTING ORDINANCES; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Town Council established a Retirement Plan and Trust for the Management and General Employees of the Town of Davie pursuant to Ordinance number 2004-2; and

WHEREAS, the Retirement Plan and Trust agreement was executed on January 07, 2004; and

WHEREAS, The Plan and Trust authorizes the Town Council to amend the Plan and Trust, in whole or in part, either retroactively or prospectively, by delivering to the Trustee a written amendment in accordance with the limitations set out in that section; and

WHEREAS, the Town Council desires to amend Section 6.02 of the plan document.

NOW, THEREFORE, BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF DAVIE:

SECTION 1. The Town Council of the Town of Davie, in its capacity as the Trustee of the Retirement Plan and Trust for the Management and General Employees of the Town of Davie hereby approves the changes as set out forth below, with additions to the Plan and Trust indicated by underlining (underlining) and deletions by strike through (~~stricken through~~).

6.02 Normal Retirement Benefit

(1) A Participant retiring hereunder on or after his Normal Retirement Date shall receive a monthly benefit as specified in the Adoption Agreement - Section G2, Normal Retirement Benefit, which shall commence on the first day of the month coincident with or next following his termination of employment.

(2) In the event that a Participant does not begin to receive his Benefit at his Normal Retirement Date, such Participant shall be entitled to a deferred benefit

equal to the benefit he was entitled to receive at his Normal Retirement Date, adjusted to take into account his Average Final Compensation and years of Credited Service as of his actual retirement date.

G2) Normal Retirement Benefit (Section 6.02):

The monthly retirement benefit shall be a single life annuity equal to:

For General Employees, the Normal Retirement Benefit shall be a monthly benefit equal to the number of years of Credited Service multiplied by Average Final Monthly Compensation and multiplied by two percent (2%) for all years of service prior to October 1, 2005 and two and nine hundredths percent (2.09%) for all years of credited service after October 1, 2005.

For Management Employees, the Normal Retirement Benefit shall be a monthly benefit equal to the number of years of Credited Service multiplied by Average Final Monthly Compensation and multiplied by three percent (3%) for all years of service prior to October 1, 2005 and three and nine hundredths percent (3.09%) for all years of credited service after October 1, 2005.

E. CREDITED SERVICE

E1) If an Employee is hired after October 1, 2003, credited service shall mean the total number of years and fractional parts of years of service measured from date of employment. If an employee is a current employee as of October 1, 2003, credited service shall mean the total number and fractional parts of years of service measured from the date of entry into the plan and the total number and fractional parts of years of service purchased at actual actuarial cost. Current employees of the Town of Davie will have until January 30, 2004 to make a non-revocable election to enter the plan. Current employees who elect to enter the plan prior to January 30, 2004 will have a plan entry date of October 1, 2003.

Credited Service may be purchased for all years of service with the Town of Davie at actual actuarial cost. Up to five (5) years of credited service may be purchased for previous full-time employment with the federal government, including military service, or any state, county, or city government other than the Town of Davie, provided that no retirement benefits were provided for such previous full-time employment with the federal government, including military service, or any state, county, or city.

All members of this plan with previous membership in the General Employees Defined Benefit plan with the Town of Davie, with a date of hire

prior to January 1, 1994 shall receive one (1) additional year of credited service.

SECTION 2. The Town Council of the Town of Davie hereby empowers the Mayor or its appointee of the Town of Davie with the authority to execute such documents and agreements as are required to effectuate this amendment of the Plan.

SECTION 3. All Ordinances or parts of Ordinances, in conflict with this Ordinance are hereby repealed.

SECTION 4. This Ordinance shall be effective _____, 20____.

PASSED ON FIRST READING THIS ____ DAY OF _____, 2005

PASSED ON SECOND AND FINAL READING THIS _____ DAY OF _____, 2005

MAYOR/COUNCILMEMBER

ATTEST:

TOWN CLERK

APPROVED THIS _____ DAY OF _____, 2005

EXHIBIT "B"

ORDINANCE NO. _____

AN ORDINANCE OF THE TOWN COUNCIL OF THE TOWN OF DAVIE, BROWARD COUNTY, FLORIDA; AMENDING THE RETIREMENT PLAN AND TRUST FOR THE MANAGEMENT AND GENERAL EMPLOYEES OF THE TOWN OF DAVIE; PROVIDING FOR CONFLICTING ORDINANCES; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Town Council established a Retirement Plan and Trust for the Management and General Employees of the Town of Davie pursuant to Ordinance number 2004-2; and

WHEREAS, the Retirement Plan and Trust agreement was executed on January 07, 2004; and

WHEREAS, The Plan and Trust authorizes the Town Council to amend the Plan and Trust, in whole or in part, either retroactively or prospectively, by delivering to the Trustee a written amendment in accordance with the limitations set out in that section; and

WHEREAS, the Town Council desires to amend Section 6.02 of the plan document.

NOW, THEREFORE, BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF DAVIE:

SECTION 1. The Town Council of the Town of Davie, in its capacity as the Trustee of the Retirement Plan and Trust for the Management and General Employees of the Town of Davie hereby approves the changes as set out forth below, with additions to the Plan and Trust indicated by underlining (underlining) and deletions by strike through (~~stricken through~~).

6.02 Normal Retirement Benefit

(1) A Participant retiring hereunder on or after his Normal Retirement Date shall receive a monthly benefit as specified in the Adoption Agreement - Section G2, Normal Retirement Benefit, which shall commence on the first day of the month coincident with or next following his termination of employment.

(2) In the event that a Participant does not begin to receive his Benefit at his Normal Retirement Date, such Participant shall be entitled to a deferred benefit

equal to the benefit he was entitled to receive at his Normal Retirement Date, adjusted to take into account his Average Final Compensation and years of Credited Service as of his actual retirement date.

G2) Normal Retirement Benefit (Section 6.02):

The monthly retirement benefit shall be a single life annuity equal to:

For General Employees, the Normal Retirement Benefit shall be a monthly benefit equal to the number of years of Credited Service multiplied by Average Final Monthly Compensation and multiplied by two percent (2%).

For Management Employees, the Normal Retirement Benefit shall be a monthly benefit equal to the number of years of Credited Service multiplied by Average Final Monthly Compensation and multiplied by three percent (3%).

E. CREDITED SERVICE

E1) If an Employee is hired after October 1, 2003, credited service shall mean the total number of years and fractional parts of years of service measured from date of employment. If an employee is a current employee as of October 1, 2003, credited service shall mean the total number and fractional parts of years of service measured from the date of entry into the plan and the total number and fractional parts of years of service purchased at actual actuarial cost. Current employees of the Town of Davie will have until January 30, 2004 to make a non-revocable election to enter the plan. Current employees who elect to enter the plan prior to January 30, 2004 will have a plan entry date of October 1, 2003.

Credited Service may be purchased for all years of service with the Town of Davie at actual actuarial cost. Up to five (5) years of credited service may be purchased for previous full-time employment with the federal government, including military service, or any state, county, or city government other than the Town of Davie, provided that no retirement benefits were provided for such previous full-time employment with the federal government, including military service, or any state, county, or city.

All members of this plan with previous membership in the General Employees Defined Benefit plan with the Town of Davie, with a date of hire prior to January 1, 1994 shall receive one (1) additional year of credited service under the plan.

E2) Option of Purchasing Prior Credited Service

Credited service shall also include credited service purchased by a member in accordance with this section:

- a) Participants who were employed in a position covered by the Plan prior to October 1, 2003, may purchase up to five (5) additional years of credited service under the Plan for all or a portion of their previous full-time employment with the federal government, including military service, or any state, county, or city government other than the Town of Davie. Any participant who elects to purchase previous full-time employment with the federal government, including military service, or any state, county, or city government other than the Town of Davie, shall pay the full actuarial cost of such credited service on or before three (3) months from the date of the past service cost calculation, in accordance with subsection (c) below.
- a) Participants with a hire date after October 1, 2003, may purchase up to five (5) additional years of credited service at any time before completing twelve (12) months of service with the Town of Davie; provided the member has paid into the plan prior to completing twelve (12) months of service, the full actuarial cost of such credited service as determined by the plan actuary. No additional service credit will be allowed if the participant is receiving or will receive any other retirement benefit based on the prior government service.
- c) Payment for the purchase of credited service authorized in subsection (a) and (b) above, shall be made in one of the following manners:
 - 1. Cash lump sum payment.
 - 2. Direct transfer or rollover of an eligible rollover distribution from a qualified plan

Full payment for the purchase of past service credit must be made before separation from Town employment. If full payment is not made by time of separation, credited service shall be based on amount of payment received.

- d) Participants of the plan on October 1, 2003 shall have a one-time option to purchase an additional year of credited service under the plan for previous full-time employment with the federal government, including military service, or any state, county, or city government including service at the Town of Davie. Participants shall pay the full actuarial cost of such credited service, less three and one third percent (3.33%) multiplied by years of service with the Town as of October 1, 2003 of the full actuarial cost. For the purposes of this section, years of service shall be measured

from date of hire. Full payment for the purchase must be made on or before one (1) month from the date of the past service cost calculation, and in accordance with subsection (c) above.

SECTION 2. The Town Council of the Town of Davie hereby empowers the Mayor or its appointee of the Town of Davie with the authority to execute such documents and agreements as are required to effectuate this amendment of the Plan.

SECTION 3. All Ordinances or parts of Ordinances, in conflict with this Ordinance are hereby repealed.

SECTION 4. This Ordinance shall be effective _____, 20____.

PASSED ON FIRST READING THIS ____ DAY OF _____, 2005

PASSED ON SECOND AND FINAL READING THIS _____ DAY OF _____, 2005

MAYOR/COUNCILMEMBER

ATTEST:

TOWN CLERK

APPROVED THIS _____ DAY OF _____, 2005

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